# An Empirical Study on the Performance of self help groups in the socio-economic development of backward class women in Marathwada region

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# An Empirical Study on the Performance of self help groups in the socio-economic development of backward class women (With special reference to Marathwada region)

**Introduction:-**

The Marathwada region that comprises of eight districts is one of the poorest and underdeveloped parts in India. All the districts are listed in poorest 100 districts list of India. Most of the region's parts are recognized as drought prone areas. Therefore, the poor agriculture i.e. rained and poor industrial growth hassled to grim poverty and socio-economically backward society. The region got independence in 1948 i.e. one year after the Indian independence.

The region earlier was a part of Kingdom of Nizam of Hyderabad and thus well-known for its feudal system. The degraded resources and feudal approach forced the majority of society which has lack of access to livelihood and societal suppression. The situation demanded and still demands socio-economic development initiatives such as SHGs as the women were most marginalized section of already marginalized society.

Dr. Muhammad Yunus who was professor in Chittagang University, Bangladesh, formed Self Help Group in Jabara village in 1976. Gradually, he formed SHGs in the whole of Bangladesh. In 1983 Dr. Yunus setup "Gramin Bank".

At the annual convention of the Bangladesh Economic Association in 1976, Dr. Muhammad Yunus presented a paper entitled "Institutional Frameworkfor a Self-Reliant Bangladesh" in which he argued against the prevalent development approach of that time. Massive donor response received to finance the projects implemented by the national Government. He suggested that emphasis be placed; instead, on developing local-based institutions, so that village could make better use of the resources are at their fingertips 2. Learning from the past experience of many developing countries, in general and of Asian countries like Bangladesh, in

particular, it now seems that the systems of 'micro-credit' have proved to be quite successful in most of the nation who were rather late in launching such schemes.

India is one such nation and it is quite appropriate to understand the reasons both of success and failure of micro-credit / micro-financing by conducting the field studies.

In India, around 70-75% population lives in rural area. Of the aggregate 125 crore population i.e. by 26% population is below poverty line population in India. All Villages even the poorest, have considerable potential for helping themselves and improving the conditions of their members but to realize this potential they may require initial stimulation and substantial assistance from outside– not just any kind of assistance but the right kind at the right time, rendered in away that will strengthen rather than inhibit their spirit of self reliance and self determination.

In India, Government of India has been trying its best in implementing poverty eradication programmers Viz. IRDP, PMRY, TRYSEM, SJSRY/ SGSY, etc. The Government has also setup promotional and financial institutions for assisting poor peoples, particularly people living below poverty line (BPL) and belonging to backward classes.

The Government is implementing the scheme (SGSY) Swarnjayanti Gram Swarozgor Yojana from 1st April 1999 in Rural areas and Swarnjayanti Shahari Rozgar Yojana (SJSRY) from 1st December 1997 for eradication of poverty. In survey of urban areas in 1997-98 there are 7, 46,143 Families of BPL and in those families 38, 82,051 people are in BPL. In all over country first Andhra Pradesh(AP) state is working in SHGs. In AP for the year ending 31$^{st}$ March 2004 Number of Bank linkage Groups are 35.73% in ratio of country and the finance was 44.26%. In Maharashtra for the year ending 31st March 2004, the number of Bank linkage Groups was 38,535 and the finance was Rs. 113 crore. The ratio was 3.57% and 2.89 % respectively.

**Concept of Self Help Groups:-**

"Self Help Groups can be defined as a set of persons with common interest and having interpersonal relations who agree to share risks and benefits through self-designed rules and reciprocity in behaviour" "A Self Help Groups is defined as a voluntary groups valuing personal interaction and mutual aid as means of altering or ameliorating problems perceived as alterable, pressing and personal by most of its participants."

"A group of people who meet regularly to discuss issues of interest to them and to look at solutions of commonly experienced problems. They may not be involved in any Government or NGO programme."

"The Self Help Groups are informal voluntary associations of people formed to attain a collective goal. People who are homogenous with respect to social background, heritage caste or traditional occupation come together for a common cause to raise and manage resources for the benefit of group members. Usually, the focus is on poor and that too on women."

The SHG is defined as a voluntary group valuing personal interactions and mutual aid as a means of altering or ameliorating the problems perceived as alterable, pressing and personal by most of its participants. These groups are voluntary associations of people formed to attain certain collective goal that could be economic, social or both. The policy planners and development planners' cerise the myth that poor people do not have the spirit to thrift, but recent report from different parts of the global challenge this.

**Origin of Self Help Groups:**

The ideas of Self Help Groups originate from the following reasons:

1) The credit needs of the poor are more consumptives than productive, which cannot be fulfilled by any formal financial institutions.

2) Their emergent consumptive and productive needs were fulfilled by money lenders but the blood sucking tendency of the money lenders make the rural poor more.

**Definition of Women Self Help Groups:**

Although the self-help group movement is a solution to economic problems, various social activities are being carried out by the self-help group at the village level. Hence, self help groups play an important role from the point of view of economic and social development.

**Women Self Help Groups are defined as follows:**

"A group of 10 to 20 like-minded women with regional equality, same needs and same social and economic level who save and use the savings for consumption and take loans for business and organize themselves in a democratic way is called Self Help Savings Group."

**Need for Self Help Groups:**

The credit needs of the rural poor are characterized by the absence of any clear distinction between production and consumption purposes but have a strong bearing on productivity. The needs are small but often arise at unpredictable time and are usually of an emergent nature. Meeting these small and urgent needs in time is crucial to reduce their dependence on informal credit agents. It has, however to be conceded that borrowing from the informal agents is very convenient but the terms of lending are harsh.

The co-operative movement in the country, started at the turn of 19th century. Probably presents one of the earliest examples of Self Help to bring together people of small means or fostering thrift and mutual help for the economic better of the members. Over the years, the co-operatives, have however, failed to fulfil their objectives. On account of their large size and the heterogeneous economic status of members, the decision-making is invariably

delegated to small groups of usually well off and influential members. Such influential members are able to corner must of the benefits at the cost of those who are poor and do not command ownership of productive assets or influence. Against this background, evolving an alternative mechanism for meeting the economic aspirations and the credit needs of the rural poor in the form of SHGs seems a logical development. Notwithstanding the impressive achievements in the expansion of the credit delivery system and the special programmes, the indebted rural house- holds remained outside the ambit of the institutional credit system. They approached the money-lenders for meeting their consumption and production needs in the absence of institutional support. Not gaining access to the institutional credit. Some of the poor, either at their own or with the involvement of the Voluntary Agencies (VAs) Non-Governmental Organizations (NGOs), Organized themselves in to Self Help Groups (SHGs) by pooling their meagre financial resources for meeting their small, urgent and frequent needs thus inculcating among them the habit of Self Help through mutual help. The role of voluntary agencies in poverty all aviation was recognized by the planning commission in the seventh plan document.

**Characteristic features of SHGs:-**

Following are the characteristic features of Self Help Groups.

• Voluntary membership

• Participatory planning

• Education and training

• Resource mobilization

• Self management

• Anti bureaucracy

• Empowerment building

• Linkage building

• Process extension and movement building.

• On-going Evaluation.

• Sustainability

**Significance of study:**

The Marathwada region falls in Sayadri ranges, Satpuda hills and Gondwana. Marathwada is one of the economically backward region of Maharashtra State. The process of economic growth is very slow in Marathwada in comparison with other regions of the State. As a result, the region has been characterized by poverty, unemployment and illiteracy. The Government has been trying its best in implementing poverty eradication programs, viz., IRDP( Integrated Rural Development Program), PMRY (Pradhan Mantri Rojgar Yojna), TRYSEM, (Training of Rural Youth for Self Employment) SJSRY etc. The Government has also set up promotional and financial institutions for assisting poor people, particularly people living below poverty line (BPL) and belonging to backward classes. There are different development schemes which are more than 20. Few of them can be cited as Cleanliness Campaign for the rural and urban slum dwellers, Civil supply scheme, social forestry scheme, etc. In 1994, Maharashtra Government has declared special women's development program. The policy document stated that in environment will be created for socio economic development of women, leading towards equity. In Government jobs 30% reservation has been granted to women community. In order to increase the economic stability of women a special women fund has been raised by Central Government and State Government has decided to support it. The GOM has also a scheme to award a Ahiliyabai Holkar Award for full time social workers. 20% reservation for women has been granted in ITI admission on district level. In the revised 2001 development policy of the Government for the women, it has been directed that 10% of the funds in the social welfare must be reserved for women.

In recent few years the GoM has actively supported women's Self Help Groups. The cooperative sector has been directed to help in all respects for organization of such self help groups. Maharashtra being a leading in SHGs, this present research work is very much significant in the perspective of socio economic change.

Marathwada region covered with 8 districts of Maharashtra, which is the most economically backward region in Maharashtra. The pace of economic growth in the district is very slow. Naturally the district is lagging behind of other districts in the region. A number of NGOs have been working and implementing self help groups program a component of SGSY in Marathwada region. The present study has been undertaken to take review of SHGs program in the district and its impact on economic growth in Marathwada region. As per a local study group there are 3,570 SHGs in Marathwada region as on 31st March, 2007. However, taking into consideration the number of poor families living below poverty line in Marathwada region, there is need of promotion of more and more SHGs to benefit the poorest of the poor. Self Help Group is a group of 10 to 20 poor people belonging to different families below poverty line has been proven its importance for undertaking collective business activities, generating employment and income. The SHGs and banking linkage program has emerged as a primary micro finance for the poorest of the poor people living in rural as well as urban areas. At present there are 6,18,476 SHGs operating in India as on 31st March, 2005. More than 90% of the total SHGs are women SHGs. All these SHGs are linked with 32,294 bank branches. Around 24.25 Million households have been assisted with bank loan of Rs. 68.98 in India.

SHG program is seen as a strategic program for eradication of poverty and empowerment of poor people and particularly women. NABARD had started microfinance program in the year 1991-92 to assist poor masses in the country. At present NABARD has been working as a pioneer institution assisting RRBs, Commercial banks, Cooperative banks and NGOs for effective implementation of

Self-Help Group program in India. A number of research studies on SHGs program have inferred that this program is instrumental in improving the economical and social conditions of poor members of the group through collective saving, lending the funds to the members and encouraging collective entrepreneurship. In the context of increasing poverty and growing number of unemployment, the SHGs program has a very crucial role to play in eradication of poverty in rural as well as urban areas of our country. It has been rightly pointed that "SHGs means a voluntary group valuing personal interaction and mutual aid as means of altering or ameliorating problems perceived as alterable, pressing and personal by most of its participants." This study is related to SHGs in Marathwada region in general and Marathwada region in particular.

**This study has been undertaken to probe into the problems i.e.**

(i) Whether the SHGs have really helped in up grading social and economic conditions of the members?

(ii) If so, to what extent?

(iii) Whether these groups are successful in collecting savings, fulfilling the economic needs of the group members, employment and income generation and assets creation?

Whether the groups are instrumental in employment generation, the researcher has attempted to study these problems in detail with the data and formed out the impact of socio-economic impact of SHGs on lives of poor members?

**Statement of Problem:**

The topic 'An empirical Study on the Performance of self-help groups in the socio-economic development of backward class women (With special reference to Marathwada region)' has been selected and the period of study has been taken from 2012-13 to 2022-23.

**Importance of Research study:**

In India since 1992 Self Help Savings Groups started to be established with the cooperation of NABARD. The self-help cooperative movement in India has become a major movement in the world. Through Self Help Savings Groups, the wealth and prosperity which was till now limited only to urban areas and certain classes is now helping to reach rural India especially women and economically weaker sections. Through Self Help Savings Groups, it is seen that women are not only becoming financially independent but also increasing their participation in social and political activities. Through SHGs, the country is developing comprehensively and thereby helping to increase the national income of the country of course, the time of India. According to the President's report The role of self-help groups will be very important in the process of making India an economic superpower.

**Selection of research topic:**

The SHG movement in India has been around for more than a decade and its expected results are now visible. The flow of savings and credit to rural areas due to self-help groups, self-employment opportunities for women, improvements in there and their families' living conditions, positive changes in women and rural areas and increasing participation of women in social work, etc. appears.

Through self-help groups, along with economic self-reliance of women in villages, the women in the group have got the strength to unite with each other's difficulties, joys and sorrows and find a way out of it.

Due to the natural, industrial, educational and political factors in the various states and regions of India, there have been different results of women's self-help groups. Similarly, Marathwada region in the state of Maharashtra is a leader in the development of the district due to its capable political leadership. On the other hand, due to inadequate industrialization in Parbhani district of Marathwada, non-availability of adequate irrigation facilities, the district is backward in the

development process. Availability of inputs, methods and techniques of production, differences in goods and services produced, social status, educational level and skills, management and organizational situation, markets available for the goods etc., among SHGs in both Marathwada regions are different. The financial opportunities available to groups are varied. As it is necessary to study all these elements comparatively, the subject has been selected for the present study.

**Objectives of the Research**

The following objectives have been set for the present research.

1) To study socio-economic development and self help groups contribution in backward class women.

2) To study the self-employment opportunities available to the members of Self-Employment Groups in Marathwada region.

3) To study financial matters under Women Self Help Groups in Marathwada region.

4) To study the changes in the standard of living of women and their families in women's self-help groups.

5) To study the contribution of SHGs in women empowerment.

6) To study the contribution of women self-help groups in socio-economic development.

**Hypotheses of the study:**

The following hypotheses are taken as standard for the present research.

1) Self-employment opportunities have been provided to women through women's self-help groups.

2) Women Self Help Self Help Groups have increased the income of women group members.

3) The standard of living of women has improved due to women's self-help groups.

4) Social development has improved due to the work of women self-help co-operative groups.

**Research Methods:**

With Using Non-Probability Convenience Sampling Method size of 800 Sample will have been used to select backward class women self help groups, group presidents/secretaries and members for the present research.

**Tools of fact collection**

For the present research, information and statistics will have been collected using both primary and secondary sources. The present research is descriptive as well a sanely it call based on primary and secondary data for accomplish objectives and hypothesis of the study. They constitute the main source so fin formation suitable forth purpose of research work. Sampling method for these lasted beneficiaries of Self Help Groups.

**Primary Sources:** The research presented is mainly based on primary sources for this; information will have been collected through questionnaire, interview and observation from the President/Secretary, members, bank representatives, Panchayat Samiti, Zilla Parishad and NGOs of Self Help Groups.

**Secondary Sources:** The secondary materials required for the present research are various bibliographies, books, annual reports of NABARD, District Rural Development System Report, District Economic and Social Review, Economic Survey of Maharashtra, relevant M. Phil., Ph. D. The necessary information and

statistics will have been collected according to the research topic through research theses, various websites, magazines, newspapers, quarterlies, self-help group meetings and exhibitions etc.

**Geographical Scope:**

The study is confined to Marathwada region (consisting 8 districts) which is the most economically backward district in Maharashtra State.

**Operational Scope:**

The study covers SHGs operating in rural as well as in urban areas of the Marathwada region. The stress will be given on the process of formation of SHGs, their functioning and performance. The study will also cover the performance of different promotional and financial agencies assisting SHGs in the region.

**Selection of region:**

Marathwada regions have been selected for the present research using convenience or purposive sampling method, because 8 districts are the leading districts of Maharashtra state.

**Selection of district:**

To select the district of Marathwada regions selected for the present research, random Sampling Method will have been used among the various sample selection methods. Along with that, all districts will be selected for the present research.

## Limitation of Research Topic

The field limitation of the present research is that this research is limited to selected self-help groups in selected region. Also, the research presented is limited to the period 2013 to 2023. Moreover, while selecting women self-help groups for this research, only the first ranked groups have been selected. At the same time, the findings of the presented research are based on the data available at the government level and the preliminary information provided by the chairmen, secretaries and members of the women's self-help groups in the research area while filling the questionnaire.

## Selection of sample:

| Sr.No. | District | No. of SHG | Selected SHG | Beneficiary selected |
|---|---|---|---|---|
| 1 | Chhatrapati Sambhaji Nagar | 17158 | 8 | 100 |
| 2 | Beed | 18015 | 8 | 100 |
| 3 | Hingoli | 9636 | 8 | 100 |
| 4 | Jalna | 16804 | 8 | 100 |
| 5 | Latur | 19611 | 8 | 100 |
| 6 | Nanded | 18727 | 8 | 100 |
| 7 | Dharashiv | 14657 | 8 | 100 |
| 8 | Parbhani | 11678 | 8 | 100 |
| **Total** | **8 District** | **126286** | **64** | **800** |

There are Eight districts in Marathwada region, Chhatrapati Sambhaji Nagar, Beed, Hingoli, Jalna, Latur, Nanded, Dharashiv and Parbhani from each district through the purposive random sampling method, 100 respondent will been selected those who are backward class women beneficiaries of selp help group. Data will have been collected from 800 Respondent of beneficiaries of selp help group from 8 districts. When selecting administrative Divisions. Researcher has focused on backward class family holders of Marathwada region by using purposive sampling method.

**Techniques of Statistical Data Analysis**

To analyse the information and statistics will be collected through primary and secondary sources, statistical analysis and presentation of the information will have been done using the tools of average, percentage, table, and graph chi-square test will be used.

**Review of Literature :**

The expansion of self help group movement is increasing day by day and overall women self help groups are playing an important role in the economic and social development of the country especially in rural areas. Therefore, the importance of this movement is increasing. People of the society have written about this subject with the intention of reaching the common people in the society. On the question of self-help groups M.Phil., Ph.D. Subjects studied by the scholars, a brief review of the research writings done by various scholars, experts etc.

**S. Pawar :** Ddisclosed that micro finance through SHG is a cost effective way of social, financial and psychological empowerment of weaker sections. A banker can also derive the satisfaction of fulfilling his social responsibility through a commercially viable activity. The bankers need not consider micro finance a drag on their resources. In fact, it could be transformed into a profitable activity in the long run. Lastly, he hopes that, dedication and commitment of the bankers to the concept and its implementation with zeal well make the SHG banklinkage programme a grand success.

**S.K. Datta and others:** recorded that SHGs provides various services such as business loan, consumption loan, loan for settlement of old debt and loan for other contingency purposes to their members. They also further observed thatlong term

stability of SHGs depends on the members' loyalty to it and in turn the adequacy of SHGs to meet the growing needs of their members. Members' loyalty to SHGs will likely to undergo a transformation due to their inherent design feature of small size of the group and the limited saving capacity of marginal groups. With increased business turnover when the enterprise and activities started by SHG members become stable, the ability of their members' to handle independently and progressively their economic affairs will increase.

**A. Y. Pangannavar:** observed for the requirements of Self-Help Group programme is the right approach to create Self-employment opportunities so as to supplement the income and assets of the rural poor. The SHG programme provides the rural poor women the access to micro-credit. It encourages rural women entrepreneurship and rural women empowerment. To resume the SHG programmeis the right participatory approach for eradication of rural poverty and paradigm of rural development.

**T. Ramachandran and others:** disclosed that SHGs have the power to create a socio-economic revolution in the rural areas of our country. SHGs have not only produced tangible assets and improved living conditions of the members,

but also helped in charging much of their social outlook and attitudes. In the studyarea SHGs have served the cause of women empowerment, social solidarity and socio-economic betterment of the poor.

**Chapter scheme of the study**

The present thesis is divided into six chapters.

**Chapter One: Introduction of Self Help Group Movement**

In this chapterresearch will fouce on, the rise of global and Indian SHG movement, the progress of SHGs in India, Maharashtra and Marathwada regions is reviewed.

**Chapter Two: Socio-economic profile of Marathwada region.**

In theis chapter will focused on Socio-Economic status of backward class women in Marathwada region and also will light on economic, social, geographical, educational and Self Help Group of backward class and also political aspects of Marathwada region will have been reviewed.

**Chapter Three: Review of Literature**

this chapter will deal with case review of literature and need for re-study, research methods regarding the study subject.

**Chapter four: Research Methodology**

This chapter will deal with introduction of subject, Statement of Problem, Scope of study, Relevance of Study, Significance of Study, Objectives of the Study, Hypothesis of the study, Research Methodology, Data Collection, Statistical Methods, Sample size and this chapter will end with chapters scheme of the research.

**Chapter five: Data analyses and interpretation**

In this chapter will analysis of the change in the economic and social status of the group backward classmembers through the women self-help groups, the social activities implemented by the members through the group will be done in the context of Marathwada regions. it will also covered performence of self help group on backward class womens in marathwada region.

**Chapter six: Conclusions, finding and Recommendations**

In this chapter, the findings regarding the performance of SHGs in Marathwada regions will give and recommendations or suggest reducing the severity of problems faced by the groups for overall growth of Self Help Group.

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